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Date:	Thu, 1/17/2013 10:45:49 AM
Subject:	Dimon -JPMorgan slashes CEO Dimon's pay on 'Whale' trade

UPDATE 6-JPMorgan slashes CEO Dimon's pay on 'Whale' trade - RTRS
17-Jan-2013 01:39

* Net income $5.69 billion vs $3.73 billion year earlier
* Earnings per share $1.39 vs 90 cents a year earlier
* Committee takes managers under Dimon to task
* Company trims buyback plans to build capital
* Bank reaches deal with former boss of trader

(Adds pay figures of Wall Street executives, comments from investors)

By David Henry and Rick Rothacker

NEW YORK, Jan 16 (Reuters) - Jamie Dimon, JPMorgan Chase's <JPM.N> Chief Executive, had his 2012 bonus cut in half after the bank's board decided he should shoulder blame for $6.2 billion of "London Whale" trading losses.

Dimon's bonus cut, which cost him more than $10 million, came even as JPMorgan posted a 53 percent jump in fourth-quarter profit and record 2012 earnings. The fourth-quarter results were helped by increased mortgage lending profits and a decline in bad loan costs. Without these results, Dimon's pay would have been worse.

Dimon's 2012 pay of $11.5 million will fall from being high for the sector to being ordinary. John Stumpf, the CEO of Wells Fargo & Co <WFC.N> made $18.9 million in 2011, while Brian Moynihan, CEO of Bank of America <BAC.N>, made $8.1 million. In 2011, Dimon was paid $23 million.

In addition to posting earnings and disclosing Dimon's pay, JPMorgan released t wo company r eports about the l osing t rades. Th e positions, known as the "London Wh a le" tr ades because they were so large relative to the market, lost a little more money for the bank in the fourth quarter. The reports added more detail to prior disclosures about the trades.

Money managers that own the stock said they were satisfied with the pay cut.

"We've been a long-time believer in linking pay to performance, and we think that linkage was made in this case," said Ricardo Duran, a spokesman for the California State Teachers' Retirement System, which owns JPMorgan shares.

The London Whale reports took attention from what otherwise would have been an upbeat day of financial results for Dimon and the company.

The bank benefited from significant tailwinds during the fourth quarter, including the Federal Reserve's decision in September to buy $40 billion of mortgage bonds a month, which triggered more trading in fixed-income products and lowered mortgage lending rates at some points during the quarter.

Goldman Sachs Group Inc <GS.N>, the largest standalone U.S. investment bank, also posted stronger profits on Wednesday, helped by rising asset values. [ID:nL1E9CG1FK]

But JPMorgan also seemed to have outperformed rivals in some areas. Chief Financial Officer Marianne Lake, in her first conference call for analysts, said JPMorgan had gained market share in deposits, for example.

Fourth-quarter net income rose to $5.69 billion, or $1.39 a share, from $3.73 billion, or 90 cents a share, a year earlier. Analysts had estimated, on average, that the company would report $1.16 a share, according to a survey by Thomson Reuters I/B/E/S.

JPMorgan shares closed at $46.82 in New York on Wednesday, up 1 percent for the day.

DIMON INSUFFICIENTLY SKEPTICAL

Despite fourth quarter profit growth, Dimon said the bank plans to reduce its share buybacks in 2013 in a bid to build capital to meet stricter international standards by the end of the year. [ID:nL1E9CG6D5]

When asked if increased regulatory scrutiny spurred by the Whale loss had played a role in the bank's more conservative plan, Dimon said: "Not really."

The report on the Whale loss by the bank's management task force primarily assigns blame to three executives beneath Dimon: Ina Drew, the former chief investment officer; Barry Zubrow, the former risk chief; and Douglas Braunstein, the former chief financial officer.

But Dimon was not without blame either, according to the task force.

"(He) could have better tested his reliance on what he was told," the task force said, while also praising him for responding "forcefully" when he learned of the problem.

While Dimon said on Wednesday that the Whale position was close to being a "non-issue" from a trading standpoint, regulators were still probing what happened.

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middleman in the U.S. Federal Reserve's drive to channel inexpensive money to borrowers to support the housing market and the economy. Revenue from making home loans has eased the squeeze on bank profit margins that has come with low interest rates.

The provision for credit losses plunged 70 percent to $656 million.

"We continued to see favorable credit conditions across our wholesale loan portfolios and strong credit performance in our credit card portfolio," Dimon said in a statement.

On a conference call, Dimon said the first quarter of 2013 i s " probably okay" for the mortgage business. As the mortgage refinancing boom runs its course, some worry that lending for new purchases will not rise fast enough to offset the decline.

JPMorgan's stock has more than recovered all of the $26 billion in market value it lost in the first two weeks after the company acknowledged the Whale trade. Dimon said share buybacks were still a good deal at current prices.

The financial results and board action came alongside news showing that the bank has many issues to cleanup from the debacle. Reuters reported exclusively on Wednesday that JPMorgan has reached an out-of-court settlement over its lawsuit in London against Javier Martin-Artajo, a former boss of Whale trader Bruno Iksil. JPMorgan had said in July that it would seek to claw back pay from people responsible for the loss. [ID:nL6N0ALFVC]

(Reporting by David Henry and Emily Flitter in New York, Rick Rothacker in Charlotte, North Carolina and Kirstin Ridley in London.; Writing by Ben Berkowitz and Dan Wilchins; Editing by Jeffrey Benkoe)
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Keywords: JPMORGAN RESULTS/

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